

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6562

BILL NUMBER: SB 344

NOTE PREPARED: Jan 9, 2008

BILL AMENDED:

SUBJECT: Police Officer and Firefighter Appointments.

FIRST AUTHOR: Sen. Jackman

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill authorizes a unit of local government to appoint or reappoint a police officer or firefighter who is at least 36 years of age, if the unit adopts an ordinance to do so and the individual purchases, over a period not to exceed ten years, service credit in the 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Fund) for the period from the appointee's thirty-sixth birthday to the date of appointment. The bill allows an employer to make all or some of the payments required for the service credit purchase.

Effective Date: July 1, 2008.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary:* It is not known how many firefighters or police officers would be hired at 36 years of age or older and purchase service credit as a result of this proposal. The impact would vary by locality and would depend on if the locality adopted an ordinance authorizing reappointment and how many actual hires occurred of persons over the age of 35.

Background Example- For example, a person appointed at age 40 would have a present value of four years service of \$26,700. For this purchase, the unfunded accrued liability would be about \$53,000. The estimated impact for this single appointment would be approximately (\$53,000 - \$26,700) or \$26,300.

Explanation of Local Revenues:

State Agencies Affected: Public Employees' Retirement Fund as administrators of the 1977 Fund.

Local Agencies Affected: Local units with firefighter members in the 1977 Fund.

Information Sources: Doug Todd of McCready & Keane, Inc., actuaries for PERF, and the Police and Fire Funds, 317-576-1508.

Fiscal Analyst: Chris Baker, 317-232-9851.